GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:1929
ANSWERED ON:15.03.2005
INCENTIVE TO TEA INDUSTRY
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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the Government has received any proposal from the Tea Association of India to withdraw the additional excise duty of Re. 1 per Kg. on tea;

(b) if so, the reaction of the Government thereon;

(c) whether the revenue collected from Tea has been utilised for the development of the industry and labour welfare works;

(d) if not, the reasons therefor;

(e) whether tea industry is facing difficulties as the cost of production has gone up whereas auction cost has come down;

(f) if so, the measures taken to remedy the situation;
(g) whether the Government proposes to give concessions to exporters exporting tea to Egypt and Arabian countries; and
(h) if so, the details thereabout?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY(SHRI E.V.K.S. ELANGOVAN)

(a): Yes Sir.

(b): In the Union Budget for 2005-06, the additional duty of excise of Re.1 per kg on tea has been withdrawn.

(c)& (d) : A special fund has been set up with collections of additional duty of excise of Re.1 per kg on tea collected during 2003-04 and 2004-05. Various schemes to be financed out of this fund are under consideration of the Government.

(e) & (f): Economy of the tea industry has been affected due to continuous fall in prices starting from mid 1999 to April 2004. However, the all India average auction prices for tea had shown an increase from Rs.56.03 per kg in 2003 to Rs.64.57 per kg in 2004. Government has taken a number of measures to help the tea industry. These include setting up of a special fund with collections of additional duty of excise on tea of Re. 1 per kg during the years 2003-04 and 2004-05 for the long term development and modernisation of the tea plantation sector, withdrawal of the additional duty of excise of Re.1 per kg on tea in the Union Budget for 2005-06, implementation of a Special Tea Term Loan (STTL) for the tea sector which envisages restructuring/rephasing of irregular portion of outstanding term/working capital loans in the tea sector, implementation of a price subsidy scheme for small tea growers for a four month period from February to May 2004, implementation of a price sharing formula between small tea growers and manufacturers of tea w.e.f. 1.4.2004 with a view to ensure that the small growers get a reasonable share of the price obtained by the manufacturer for made tea, implementation of an IT based Information Dissemination Plan for the tea industry, including conversion of manual auction centres into electronic auction centres, reduction in the import duty on items of machinery used to improve productivity and quality of tea, including value addition to an all inclusive rate of 5% etc. Besides, a number of developmental schemes are also being implemented by the Tea Board during the 10th Five Year Plan for enhancing productivity, quality and marketability of tea produced in the country.

(g) & (h): Government does not propose to provide any concessions to exporters for exporting tea to specific destinations like Egypt and Arabian countries.